

Administrative Order



Administrative Order No.: 3-6

Title: Petty Cash

Ordered: 12/19/1995

Effective: 12/19/1995

AUTHORITY:

Section 4.02 of the Metropolitan Dade County Home Rule Charter, as amended.

SUPERSEDES:

This Administrative Order supersedes previous Administrative Order 3-6, dated February 15, 1983.

POLICY:

Petty cash funds exist to provide departments with a method of making for County business purposes legitimate and appropriate infrequent, unanticipated purchases of goods and services of less than one hundred dollars (\$100.00) without utilizing the small purchase order procedure required by **Administrative Order 3-2**.

ESTABLISHMENT:

Petty cash funds shall be established through the submission of written requests by department directors to the Finance Director. The request shall include the departmental written petty cash fund procedures. Upon approval by the Finance Director or his/her designee(s), appropriate action will be taken by the department director to ascertain that the petty cash administrative procedures are understood and in place.

LIMITATIONS:

Petty cash funds are not to be used to circumvent the County's centralized procurement program.

Petty cash funds may be used only for legitimate operating expenditures, considered non-recurring and unanticipated in nature. Unless specifically authorized elsewhere, prohibited expenditures include, but are not limited to, food and beverage items, donations, flowers, personal charges and other similar items.

No disbursement in excess of one hundred dollars (\$100.00) per transaction may be made from authorized petty cash fund, except upon prior approval of the Finance

Director or his/her designee(s). Approvals granted by telephone shall be supported by a written memorandum promptly forwarded to the Finance Director or his/her designee(s) for confirmation of approval, and subsequently included within the reimbursement package.

A petty cash fund is not to be used as a cash register fund nor does it replace the use of small purchase orders where it is anticipated that a series of transactions of less than one hundred dollars (\$100.00) with a particular vendor will occur.

RESPONSIBILITY:

The department directors shall be responsible for establishing written departmental petty cash fund procedures and ensuring that secured on-site storage facilities are provided to safeguard the funds. The written procedures, including a list of authorized petty cash fund custodians, shall be forwarded to the Finance Director prior to October 1 of each year. If the custodian of a petty cash fund is changed during the fiscal year, the department director shall immediately send written notification to the Finance Director or his/her designee(s).

The responsibility for authorizing petty cash disbursements must lie with someone at a supervisory level independent of the fund custodian.

Department directors, fund custodians and other persons authorized to approve petty cash disbursements and/or seek fund replenishment shall be responsible for assuring that all such transactions comply with applicable County laws and departmental procedures.

ACCOUNTABILITY:

The custodian of the petty cash fund shall be held responsible for all monies in the fund. No reimbursements shall be made from County funds for lost petty cash funds due to the negligence of the custodian or due to the lack of safeguarding the petty cash funds.

Petty cash funds shall not be commingled with personal monies, used for personal purchases, or borrowed or loaned for personal use between cash custodians.

Custodians must be able to account for the full amount of funds being held at any given time. Funds may consist of cash, paid invoices/receipts, or interim receipts for cash advanced to other individuals for specific purposes.

The custodian of the petty cash fund is responsible for keeping an accurate record of all disbursements from the fund and that only original receipts are in support of such disbursement.

PROCEDURES:

Departmental petty cash procedures shall contain the following **minimum** provisions:

1. Employee requests for reimbursement shall be made within thirty (30) days of the expenditure transaction date.
2. Cash advances shall be requested in writing and authorized by the department director or his/her designee(s). Documentation relating to purchases paid by petty cash including any unused cash advance shall be submitted to the custodian within five (5) business days from the receipt of the advance.
3. At a minimum, reimbursements must be supported by original invoice/receipt documents which include: purchase date, vendor, description of item purchased, reimbursement amount, signature of employee reimbursed and supervisory approval. (This information need not be duplicated on a separate form if listed on the invoice/receipt either in a preprinted manner or manually scribed).
4. Petty cash funds shall be reconciled, on a standardized form, quarterly or at the time of replenishment whichever occurs first. All reconciliation shall be reviewed and approved in writing by an authorized individual independent of the custodian.
5. Replenishment of petty cash funds shall be made by the Finance Department upon receipt of completed Petty Cash Reconciliation Form with all required petty cash disbursements support documents attached, sealed in a Petty Cash Reimbursement Request Envelope.
6. Independent, unannounced verifications of petty cash fund balances and examinations of expenditures (on a sample basis) shall be conducted at least annually to assure accountability and compliance with departmental procedures and County ordinances. Such examinations shall be directed by the Department Director or his/her designee.

COMPLIANCE:

Department directors are ultimately responsible for assuring that all petty cash transactions conform to the provisions of this Administrative Order. The Finance Department may periodically examine petty cash disbursements for propriety and compliance with this Administrative Order. Petty cash disbursements which do not comply with this Administrative Order can result in non-reimbursement or other appropriate administrative action. Further, the Audit and Management Services Department conducts periodic audits to determine conformance with established petty cash fund procedures and other applicable County laws and regulations.

EXCLUSION:

Department directors which feel that specific operations or programs should be excluded from the provisions of this Administrative Order shall submit a detailed memorandum to the Finance Director outlining the reasons therefor. This memorandum, which must be approved by the Finance Director, must certify that sufficient mitigating internal accounting controls are in place to adequately safeguard the utilization of the petty cash funds.

This Administrative Order is hereby submitted to the Board of County Commissioners of Dade County, Florida.

Armando Vidal, P.E.
County Manager